United States Department of Agriculture
Farmers Home Administration
Washington D.C. 20250

FmHA AN No. 2316 (1951)
July 1, 1991

SUBJECT: Program Management and Servicing Goals
July 1, 1991 through June 30, 1992

TO: All State Directors

Purpose/Intended Outcome

This AN sets forth Farmers Home Administration's program management and servicing goals for the rating period of July 1, 1991, through June 30, 1992. Many of the individual States' goals, as initially proposed, were revised or modified based on alternate proposals by State Directors.

Additionally, some program goals were restated or totally revised as a result of comments and concerns expressed by several States. The basis of measurement for several goals was also clarified as a result of comments which indicated possible confusion as to how the goal would be measured. **You should carefully review the revised attachments explaining the program goals and clarifying several issues raised by a number of State Directors.**

Comparison with Previous AN

This AN replaces FmHA AN 2211 (1951), dated January 25, 1991.

Implementation Responsibilities

Management at all levels within FmHA faces a formidable task in implementing policies and programs in an environment constantly changing while at the same time facing both external and internal constraints beyond their control. To meet this challenge, each manager must make optimum use of managerial skills in applying human resources, information, and program authorities. This process begins by making a clear statement of expected performance and establishing specific goals for all operating levels in the organization.

Specific program management and servicing goals have been reestablished for each program area and are explained in the following attachments:

Attachment A - Farmer Programs Management Goals July 1, 1991, Through June 30, 1992.

Attachment B - Housing Program Management Goals July 1, 1991, Through June 30, 1992.

Attachment C - Management Goals for Community and Business Programs July 1, 1991, Through June 30, 1992.

Attachment D - State sheets for goals within each program area.

EXPIRATION DATE: June 30, 1992

FILING INSTRUCTIONS:
Preceding
FmHA Instruction 1951-A

The goal sheets provide a summary of the process which was used to obtain your response to the National Office recommended goal. Where you provided justification, your comments have been recorded and analyzed in establishing the final recommended goal. It is worth noting that this process involved virtually all levels of management in the National Office, including the Assistant Administrators for Program Operations, the Deputy Administrator for Program Operations, Associate Administrator, and the Administrator. The Assistant Administrators reviewed the States' proposed goal and justification and responded with comments and recommendations to the Deputy Administrator. Both the Associate Administrator and Deputy Administrator reviewed each goal with justification, comments and recommendations and made an independent recommendation to the Administrator. The Administrator reviewed all comments and made the ultimate decision for each State. It is our intention to constantly review your status and make adjustments where necessary. **If you have further comments or concerns on specific goals, you should immediately contact the Administrator's office so that any discussion or negotiation can be finalized.**

The State's Current Status column on the goal sheet has been removed. Information necessary for the rating period beginning July 1, 1991, will be provided as soon as the supporting data are available through the various management reports. This status information will be provided to you under separate cover immediately when available.

With your input, reasonable and achievable goals were specifically tailored to your individual State; your successful achievement is expected and progress towards the goals will be carefully monitored. The National Office will continue to provide quarterly goals progress reports to assist you in the management of all programs. State Directors are encouraged to closely monitor the activities of offices within the State to identify constraints, and to take appropriate action to manage the situation so National Agency Objectives are achieved.

Weights have been assigned to the goals for the July 1, 1991, through June 30, 1992, rating year, and are shown in the attachments for each program area. Considering the Agency's priorities and areas of emphasis, points have been allocated on a 400 point total basis. You should take the relative weighting into account in managing your programs.

Rachel Scioscia, Deputy Administrator of Program Operations, and I greatly appreciate the time and effort which you and members of your staff have expended to make this a meaningful process. In particular, we commend those State Directors who involved appropriate members of the State staff from the District and County Offices. We look forward to your success in achieving your goals.

LA VERNE AUSMAN
Administrator

Attachments (NOTE: Attachment D sent to each State Director's only.

FARMER PROGRAMS MANAGEMENT GOALS
THROUGH JUNE 30, 1992

INTRODUCTION

Goals are an important tool in accomplishing program objectives. They focus effort on activities which will result in accomplishment of objectives set forth in the Agency's Strategic Plan. Significant progress is being made in many states. Accomplishment of these goals not only reduces program costs, but improves the success ratio of our borrowers. Farmer Programs Management Goals are focused on three strategic areas as follows:

1) Credit Quality - Loan Making.

2) Portfolio Management.

3) Guaranteed Loans.

1. Credit Quality

A. <u>IMPROVE QUALITY OF CREDIT DECISIONS. REDUCE NUMBER OF INSURED LOANS BECOMING DELINQUENT THE FIRST YEAR AFTER BEING MADE OR RESTRUCTURED:</u> 30 points

National Agency Objective: 12%

Rationale for National Goal:

Of the loans made or restructured between January 1, 1990, and December 31, 1990, 33.4 percent were not paid as scheduled.

Achievement of this goal depends primarily on the decisions of credit officials. If the delinquency rate is higher than the goal, it should be due to disasters or similar problems beyond the control of credit officials. These uncontrollable factors will be evaluated on a State-by-State basis throughout the year.

The first year delinquency percentage will be determined as follows:

1. Determine the number of loans made and/or restructured between January 1, 1991, and December 31, 1991.

2. Determine the number of these loans which are delinquent as of June 30, 1992, or would have been delinquent on June 30, 1992, except that the delinquency was removed by restructuring between January 1, 1992 and June 30, 1992.

3. The number of loans in number 2 above, divided by the total number of loans made or restructured during the period equals the first year delinquency rate.

EXAMPLE: State X had 1,000 loans made or restructured between January 1, 1991, and December 31, 1991. Forty of these loans made were delinquent on June 30, 1992. Additionally, 80 of the 1,000 loans were restructured during the period. Sixty of the restructured loans are delinquent or would have been delinquent had they not been restructured again between January 1 and June 30, 1992. The goal level is 40 + 60 divided by 1,000 = 10% first year delinquency rate.

B. <u>IMPROVE QUALITY OF CREDIT DECISIONS. REDUCE NUMBER OF GUARANTEED LOANS BECOMING DELINQUENT FIRST YEAR AFTER BEING MADE OR RESTRUCTURED:</u> 10 points

National Agency Objective: 5.6%

Rationale for National Goal:

The level on June 13, 1991, was 6.8 percent. The National goal objective is 5.6 percent because the first year delinquency rate for guarantees is significantly lower than insured loans. If the rate is higher than the goal, it should be due to disasters or similar problems beyond the control of credit officials. These uncontrollable factors will be evaluated on a State-by-State basis throughout the year.

C. PROVIDE MAXIMUM OPPORTUNITY TO SOCIALLY DISADVANTAGED GROUPS TO BECOME SUCCESSFUL FARMERS: 5 points

National Agency Objectives: 100%

Rationale for National Goal:

Title XXV, Section 2501, of the Food, Agriculture, Conservation and Trade Act of 1990 (FACT 90) directs the Secretary of Agriculture to provide outreach and technical assistance to encourage and assist socially disadvantaged farmers and ranchers to own and operate farms/ranches and to participate in agricultural programs. The FmHA is proactive in implementing its area of responsibility.

Based on prior years' participation rates, it is determined that each State can reasonably expect to obligate 100 percent of its allocation or as near 100 percent as possible when funds for only 1 loan has been allocated. The Agencies average FO loan is $84,000. In the instances where one loan is the the goal, the obligation of one loan will be accepted as meeting the goal even though all of the funds may not be obligated.

2. PORTFOLIO MANAGEMENT

A. Timely Resolution of Unresolved Accounts: 25 points

Attachments will be amended by August 15, 1991, to show the individual goal for each State based upon unresolved account status as of June 30, 1991, for the performance period of July 1, 1991, - June 30, 1992. CASES THAT CANNOT BE RESOLVED BECAUSE OF BEING IN APPEAL, MEDIATION, BANKRUPTCY OR FORECLOSURE, WILL NOT BE INCLUDED IN THE GOALS.

An unresolved account is where a 1951-S Notice has been given to a borrower for any servicing reason and a final decision has not been been made.

The Agency's objective is to maintain the number of unresolved accounts at a level of not more than 10 percent as of June 30 of each year.

Measurement: The SENT program will be used exclusively to measure each State's progress from July 1, 1991, through June 30, 1992. Ninety percent of these cases will establish the goal population. NEW CASES ADDED TO SENT AFTER JUNE 30, 1991, WILL NOT BE CONSIDERED IN MEETING THIS GOAL.

B. REDUCE THE ACTIVE DELINQUENT FARMER PROGRAMS MILLION DOLLAR BORROWERS. ATTACHMENTS WILL BE UPDATED BY AUGUST 15, 1991, TO SHOW THE INDIVIDUAL GOAL FOR EACH STATE EFFECTIVE FOR THE RATING PERIOD OF JULY 1, 1991 - JUNE 30, 1992: 15 points

This goal is separate from the goal on "Timely Resolution of 90% of Unresolved Accounts."

Objective: The Agency objective is to bring "nonflagged" million dollar delinquent borrowers to a final conclusion by June 30 so that not more than 5 percent remain delinquent on June 30, 1992.

Measurement: Goal accomplishment will be measured by a State-by-State comparative analysis of the most current 540 Report as of June 31, 1991 and June 30, 1992. Million dollar delinquent borrower added to the 540 Report after the date of this AN will not be considered in measuring accomplishment of this goal. Accounts in administrative appeals or flagged accounts will not be included in this goal.

C. MOVE INSURED FARMER PROGRAMS BORROWERS TO OTHER SOURCES OF CREDIT EITHER WITH OR WITHOUT A GUARANTEE (SUBORDINATIONS ARE NOT INCLUDED): 35 points

Objective: The National objective is to move enough borrowers from the existing insured Farmer Programs portfolio so that the financial needs of the borrowers remaining in the portfolio along with new borrowers who cannot get guarantees, can be met with insured funding allocations set forth in the Omnibus Budget Reconciliation Act of 1990.

IT IS EXTREMELY IMPORTANT FOR EACH STATE TO MOVE THAT PERCENTAGE OF ITS NONDELINQUENT OL PORTFOLIO NECESSARY TO ASSURE THAT ADEQUATE FINANCIAL ASSISTANCE WILL BE AVAILABLE.

The number of insured borrowers to be moved to other credit for goal purposes is established as follows:

Sample Formula

	FY 91	Allocation	$493,300,000
minus	FY 92	Proposed Allocation	409,400,000
		equals	83,900,000

The $83,900,000 is the amount of reduction in insured OL for FY 92.

$83,900,000 Divided by $46,700 (average loan size) = 1796 OL borrowers that must be moved to other credit in order to have funds available for our remaining case load.

In addition, in order to have insured operating funds available for anticipated new OL borrowers, an additional 3,718 OL borrowers will have to be moved to other credit. The total number to be moved to other credit is 5,514 borrowers in order to compensate for the reduction in the FY 92 OL authorization.

Individual state goals are based on the assumption that your state will not exceed your 1991 allocations.

Measurement: The COORS report will be used to measure borrowers moving to other credit with or without a guarantee. Partial credit will be given for borrowers who move all of either their FmHA real estate or operating credit with or without a guarantee to other sources of credit. Partial "graduations" will be counted as one-half of a full graduation when all of either the real estate or operating credit is moved to other credit with or without a guarantee.

NOTE: THERE IS NO FARMER PROGRAMS INVENTORY PROPERTY MANAGEMENT GOAL FOR 1991-1992 DUE TO CHANGES THAT MUST BE MADE IN FmHA REGULATIONS AS REQUIRED BY THE ACT OF 1990. HOWEVER, THE NATIONAL OFFICE WILL CONTINUE TO CLOSELY MONITOR INVENTORY PROPERTY MANAGEMENT AND STATES SHOULD DO LIKEWISE TO REDUCE COSTS WHERE POSSIBLE.

3. GUARANTEED LOANS

A. <u>Increase guaranteed loan obligations as a percent of total obligations:</u> 25 points

National Agency Objective: 74.3%

Rationale for National Goal:

This level was determined using the proposed funding levels in the 1992 budget. The goal level is set so that the Agency will have sufficient insured funds to meet demand. It assumes that the decrease in insured funds will be offset with guarantees using interest assistance, and that overall credit demand is constant.

EXAMPLE: STATE X obligated $80,000 of insured loans, $200,000 in guarantees, and had $270,000 in LOCs which could be advanced for the 2nd or 3rd year, as of the end of the rating period. 470,000/550,000 = 85.5% of total obligations are guarantees.

B. <u>ASSURE THAT INTEREST ASSISTANCE LOANS ARE USED TO MEET CREDIT NEEDS OF INSURED BORROWERS:</u> 5 points

National Agency Objective: 30%

Rationale for National Goal:

This goal is set to assure compliance with the Grandy amendment in the Omnibus Budget Reconciliation Act of 1990. The required statutory level is 30 percent.

EXAMPLE: STATE X made 45 guarantees with interest assistance. Of these, 17 were made to insured loan borrowers. 17/45 = 38% made to insured borrowers.

HOUSING PROGRAM MANAGEMENT GOALS
July 1, 1991 through June 30, 1992

INTRODUCTION

Goals established for the housing programs are consistent with the Agency's Strategic Plan. Some of the major objectives are (1) improving credit quality, including cost containment in the 515 program; (2) improving portfolio management, including reducing the vulnerability of the 515 program; and (3) increasing use of guaranteed programs. The goals reflected in this Attachment focus on these areas of program activity, and achievement of these goals will contribute significantly to the Agency's attainment of Strategic Plan objectives.

Agency reviews, OIG audits, and National Office monitoring continue to indicate that the MFH program is vulnerable to fraud, waste and abuse. We believe our best deterrent for these areas of concern is the program monitoring role of our field offices. Special emphasis is being placed on obtaining and analyzing annual reports and conducting servicing visits. We believe these are effective tools in controlling the potential for fraud, waste and abuse. These goals were established for areas that are weak and could, by delay or lack of action, contribute to the vulnerability of the MFH program.

DISCUSSION OF GOALS

1. <u>Credit quality and/or loan making.</u>

Single Family Housing:

A. Improve SFH underwriting measures for new loans and reduce first-year actual delinquencies: 15 points

As of 2/28/91, the national average for first-year delinquency (initial loans - moratoria excluded) was 4.6% and 20 States exceeded 4%. Therefore, 4% was determined to be a reasonable and achievable goal on a national basis based on current economic conditions. The final rating will be based on loans made from May 1, 1991 through April 30, 1992. Improving credit quality is a very important Agency objective.

B. Help eligible families with home ownership by ~~fully~~ full using allocated Section 502 very low-income funds (Obligate 70% of FY allocation by 6-30-92.): 5 points

The importance of delivery of these funds is indicated by the statutory requirement to set aside 40% of appropriated Section 502 funds for very low-income families or persons and is a clear indication Congress intends to target funds to those most in need. The 70% level is a reasonable goal on a national basis, since we will be through three quarters of 1992 fiscal year as of 6/30/92 and the States will have had access to 95% of the full year's allocation.

Multiple Family Housing:

C. Contain MFH building costs: 25 points

i. Cost containment is an ongoing goal in multiple housing programs. Emphasis is being placed on reducing the cost of the RRH 515 program this year through the measurement of building cost per square foot, comparing a State's average to a regional mean. States above their regional mean are expected to reduce this cost by 25% of the difference. The basis for the information is the AMAS database and the FY 1990 515 program. While emphasis is being placed on building cost per square foot, States should also review other cost areas such as legal fees, architectural and engineering fees, site development cost, land cost, etc., for possible application of cost containment policies.

ii. States that are below the regional mean cannot increase their current building costs by more than the difference between the April 1991 Marshall and Swift cost and local multiplier and the April 1992 Marshall and Swift cost and local multiplier.

2. Portfolio Management.

Single Family Housing:

A. Improve SFH servicing to assist borrowers in becoming successful home owners; reduce actual delinquencies.: 15 points

i. The Agency goal is to have no more than 15% of the caseload delinquent by June 30, 1992. Significant actual delinquency reduction can only be realized when servicing officials regularly monitor their caseload for delinquency, including accounts flagged Bankruptcy Acting Pending (BAP) and Foreclosure Action Pending (FAP).

Recommended goals are set according to the following formula (based on 2/28/91 status):

Category	Goal
10.0% and Under	Maintain current level
10.1% through 20.0%	11.8% reduction
20.1% and above	16.7% reduction

ii. Nationally, accounts flagged FAP, BAP and CAP equal 3.1% of caseload as of 2/28/91. A goal was set to reduce this percentage to 2.7%, creating an Agency goal of 12.3% (15.0% minus 2.7% equals 12.3%) for actual delinquency exclusive of FAP, BAP, and CAP accounts. Each State's number of flagged accounts was converted to a percentage by dividing the number of flagged accounts by the caseload. The following formula was then developed to establish a recommended reduction in the number of flagged accounts (see columns 7-10 of page 10 of this attachment):

Category	Reduction in Flagged Accounts
2.7% and Under	Maintain current level
2.8% through 4.0%	13% reduction
4.1% and above	15% reduction

The recommended reduction in flagged accounts was then subtracted from the actual delinquency goal to arrive at the goal for actual delinquency exclusive of FAP, BAP and CAP accounts (see columns 11-13 of page 10 of this attachment.)

BAP cases should be closely monitored, the flag promptly removed when bankruptcy is closed or dismissed, and servicing should resume immediately. If payments are not being received in Chapter 13's, the Court should be petitioned to remove the automatic stay to permit servicing and/or liquidation.

FAP cases should be regularly monitored for progress. County Supervisors should contact borrowers with FAP periodically to encourage them to sell the property. In States using judicial foreclosure, State Directors and their Housing staffs should maintain an awareness of the length of time foreclosures are taking with representation by the U. S. Attorney. Exhibit D to FmHA Instruction 2024-A authorizes all State Directors to contract with private attorneys when they can meet the conditions set forth in the cited Exhibit. Full use of this authority is encouraged.

The use of servicing authorities, such as delinquency workout agreements and moratoria, is compatible with pursuing reduction of actual delinquency. Efforts to reduce delinquency should be concentrated on the accounts where the liquidation decision is made and action is pending, rather than on making a liquidation decision prematurely in lieu of using delinquent servicing tools to which a borrower has a legal right. Prompt servicing to collect the full delinquency when a borrower first becomes past due is the best tool of all toward achieving an acceptable delinquency rate.

B. Graduate SFH borrowers to private credit: 15 points

Positive results were shown in graduating borrowers to private credit during the past year. Refinements to RC 573 are being made to overcome problems which surfaced in its first year, and should result in highly accurate reports on graduation to enable you to monitor progress monthly. Additionally, RC 860, which provides the universe upon which goals are set, is to be issued in June 1991 rather than in August as it has formerly been. The borrowers appearing on RC 860 are pre-screened to save county office staff time, and are strong candidates for graduation since they are not receiving subsidy, not delinquent, and have loan balances of at least $5,000. Aggressive, early action on this universe of borrowers, coupled with diligent and timely follow-up, should make it fully feasible for States to meet or exceed their graduation goal. Again, we suggest that the entire list be worked from the beginning, rather then by quarters as outlined in FmHA Instruction 1951-F, since it is pre-screened. Recommended goals were set according to the following formula:

Level 12-31-90	Goal
0 - 2.9%	Increase by 100%*
3.0% - 4.9%	Increase by 50%
5.0% - 7.9%	Increase by 15%
8.0% and above	Maintain 12-31-90 level

*Except no State has a goal of less than 2%.

C. Manage, maintain and market SFH inventory property. Reduce inventory and retention time, both program and nonprogram: 10 points

Great success has been achieved in reducing SFH inventory in the past year. Much of this reduction is attributable to fewer acquisitions because of emphasis on borrowers resolving their own problems, including selling their houses when they are in default or no longer wish to own the house. Timeliness in the management, repair, and sale of inventory is very important. Homes that are repaired and aggressively marketed sell, even in slow markets.

The methodology for this year's goals is different: The goal is expressed as a percentage of caseload rather than a specific number, and the retention times are geared to maximum time for specific properties rather than average retention time.

The Agency goal is to have no more than .75% of single family caseload in inventory on June 30, 1992, and to have no program property that has been in inventory more than 18 months and no nonprogram property that has been in inventory more than 12 months. State goals are based on the following:

Inventory as % of Caseload as of 1/31/91	Goal for 6/30/92
.500% and below	Maintain level within +/- .050% .000% to .249% is outstanding .250% to .449% is superior .450% to .500% is fully successful
From .501% to .999%	Reduce 10%
From 1.000% to 1.499%	Reduce 20%
From 1.500% to 1.999%	Reduce 30%
Above 2.000%	Reduce 40%

Multiple Family Housing.

D. Reduce actual MFH delinquency: 5 points

The goal is for States with MFH program delinquencies at or below 3.75% to maintain their current delinquency percentage. However, States with MFH program delinquencies less than 2% will meet their goal if delinquencies remain at or below 2%. States with program delinquencies above 3.75% are to reduce their percentage to the established goal listed for your State. Rates below the established goal will be viewed as exceeding the State goal.

The MFH program delinquency is presently at 4%. Therefore a modest decrease of 1/4 of 1% is deemed achievable.

E. MFH receipt/review of annual project report (based on 90% of caseload on 06/30/90): E + Fi + Fii equal 25 points

All projects in operation on 06/30/90 will have annual reports due in FY 1992. Untimely receipts and review of project annual reports jeopardize the opportunity to detect and correct problems at an early stage. This process is critical to vulnerability issues in the MFH program.

Based on the Quarterly MFH Servicing Reports submitted by State Directors, 19 State Offices reported that 91% of the annual reports due for their States had been received and reviewed. Consequently, a goal of 90% for the receipt and review of all reports due is established.

F. MFH required on site supervisory project visits completed based on RC 616 as of 1/28/91.

i. Visit 33% of current caseload (as required by 1930-C regulations). During the last 12-month period 19 States completed all supervisory visits due. Since supervisory visits are critical to the vulnerability issue, a goal of 100% of the required visits has been established and should be achievable.

ii. Also, visit all projects more than 6 months delinquent and not scheduled for a required visit. This is somewhat more aggressive than the 33% of caseload required to be visited by regulations. Completion of on-site visits is a tool to resolve delinquencies and other problems, and decrease the potential for fraud, waste and abuse in the MFH program.

In order to measure E and F above, the State Office will submit a quarterly servicing report to the National Office, using the format contained in Pages 6, 7, 8, and 9 of this Attachment. The initial report will be based on the 6-30-91 delinquency report and will be due in the National Office by August 15, 1991. Quarterly updates will be submitted to the National Office within 45 days from the ending date of the corresponding quarter. Please be sure the attached format is used for the 6/30/91 report.

The National Office will provide quarterly updates to the State Offices which will include a goals progress status report and any necessary recommendations for corrective action.

After submitting the June 30, 1991, plans, please discontinue submitting "Delinquency Action Plans" for MFH accounts delinquent for 2 or more years.

3. Guaranteed Loans: 25 points

Single Family Housing:

A. Use of SFH low and moderate income fund for fiscal year 1991 for the 20 pilot States.

Obligate 100% of the guaranteed housing loan funds by 9/30/91. This should be a reasonable goal since the total allocation available nationwide is only $100 million.

B. Usage of SFH low and moderate income funds distributed by the rating date.

Obligate 70 percent of fiscal year allocation for both low and moderate income funds by 6/30/92. The effective delivery of this program has very high Departmental and Agency priority. States will have had access to at least 90% of their annual allocation as of 6/30/92.

SUBJECT: Servicing Report
State of ______________________ Date: ______________

TO: Administrator
Farmers Home Administration
Washington, D.C.

ATTENTION: Multiple Housing Servicing
and Property Management Division

	Quarter Ending 6-30-91	Quarter Ending 9-30-91	Quarter Ending 12-31-91	Quarter Ending 3-31-92	Quarter Ending 6-30-92
SECTION I - RURAL RENTAL HOUSING (RRH)					
1. Number accounts shown on 545 as delinquent; of that number:	______	______	______	______	______
Accounts in foreclosure	______	______	______	______	______
Accounts in bankruptcy	______	______	______	______	______
Charge-off planned/in process	______	______	______	______	______
Servicing Plan in effect	______	______	______	______	______
Servicing Plan needed	______	______	______	______	______
Finance Office processing needed	______	______	______	______	______
Transfer in process	______	______	______	______	______
2. Number accounts delinquent two or more years; of that number:					
Accounts in foreclosure	______	______	______	______	______
Accounts in bankruptcy	______	______	______	______	______
Charge-off planned or in process	______	______	______	______	______
Servicing Plan in effect	______	______	______	______	______
Servicing Plan needed	______	______	______	______	______
Finance Office processing needed	______	______	______	______	______
Transfer in process	______	______	______	______	______
3. Finance Office and District Office Records do not agree; audit needed	______	______	______	______	______
4. Problem Case Report to be prepared	______	______	______	______	______
5. Number of District Offices with delinquency percentage above 4%	______	______	______	______	______
6. State Vacancy Percentage	______	______	______	______	______

		Quarter Ending 6-30-91	Quarter Ending 9-30-91	Quarter Ending 12-31-91	Quarter Ending 3-31-92	Quarter Ending 6-30-92
7.	Number of District Offices with vacancy percentage above 10%	_______	_______	_______	_______	_______
8.	1989 yearend reports					
	Number not received	_______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
	Number received, not reviewed	_______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
	Number in State Office for review	_______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
	NOTE: Will not be monitored after the 6-30-91 report					
9.	1990 budgets					
	Number not received	_______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
	Number received, not reviewed	_______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
	NOTE: Will not be monitored after the 6-30-91 report					
10.	1990 yearend reports					
	Number Due	_______				
	Number Received	_______	_______	_______	_______	_______
	Number received, not reviewed	_______	_______	_______	_______	_______
	Number in State Office for review	_______	_______	_______	_______	_______
11.	1991 budgets					
	Number due	_______				
	Number Received	_______	_______	_______	_______	_______
	Number received, not reviewed	_______	_______	_______	_______	_______
12.	Supervisory visits					
	Number required visits due 6/30/91 - 6/30/92	_______				
	Required visits completed	_______	_______	_______	_______	_______
	No. last visit over 3 years old	_______				
	No. over 3-year visits completed	_______	_______	_______	_______	_______
	No. delinquent account visits due	_______				
	No. delinquent account visits completed	_______	_______	_______	_______	_______

	Quarter Ending 6-30-91	Quarter Ending 9-30-91	Quarter Ending 12-31-91	Quarter Ending 3-31-92	Quarter Ending 6-30-
SECTION II - LABOR HOUSING (LH)					
1. Number accounts shown on 545 as Delinquent; of that number:					
Accounts in Foreclosure:					
Accounts in bankruptcy:					
Charge-off planned/in process					
Servicing Plan in effect					
Servicing Plan needed					
Finance Office processing needed					
Transfer in process					
2. Number accounts delinquent two or more years; of that number:					
Accounts in foreclosure					
Accounts in bankruptcy					
Charge-off planned/in process					
Servicing Plan in effect					
Servicing Plan needed					
Finance Office processing needed					
Transfer in process					
3. Finance Office and District Office records do not agree; audit needed					
4. Problem Case Report to be prepared					
5. 1989 yearend reports					
Number not received		XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Number received, not reviewed		XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Number in State Office for review		XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX

NOTE: Will not be monitored after the 6-30-91 report

	Quarter Ending 6-30-91	Quarter Ending 9-30-91	Quarter Ending 12-31-91	Quarter Ending 3-31-92	Quarter Ending 6-30-92
6. 1990 budgets					
Number not received	______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
Number received, not reviewed	______	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
NOTE: Will not be monitored after the 6-30-91 report					
7. 1990 yearend reports					
Number due	______				
Number Received	______	______	______	______	______
Number received, not reviewed	______	______	______	______	______
Number in State Office for review	______	______	______	______	______
8. 1991 budgets					
Number due	______				
Number Received	______	______	______	______	______
Number received, not reviewed	______	______	______	______	______
9. Supervisory visits					
Number required visits due 6/30/91 - 6/30/92	______				
Required visits completed	______	______	______	______	______
No. last visit over 3 years old	______				
No. over 3-year visits completed	______	______	______	______	______
No. delisnquent account visits due	______				
No. delinquent account visits completed	______	______	______	______	______

COMMENTS:

____
Signature

____
Title

____
Date

WORKSHEET SUPPORTING SFH DELINQUENCY GOALS

STATE	2/28/91 CASELOAD	2/28/91 NUMBER DELQ.	* 2/28/91 % ACT. DELQ.	* 6/30/92 ACT.DELQ. % GOAL	6/30/92 NUMBER DELQ.	2/28/91 NUMBER FLAGGED	2/28/91 % FLAGGED	6/30/92 FLAGGED % GOAL	6/30/92 NUMBER FLAGGED	2/28/91 UNFLAGGED DELQ.	* 2/28/91 UNFLAGGED % DELQ.	* UN[illegible] % GOA
AK	1363	148	10.9%	9.6%	131	6	0.4%	0.4%	6	142	10.4%	9.2
AL	26061	3742	14.4%	12.7%	3320	520	2.0%	2.0%	520	3222	12.4%	10.7
AR	23804	3747	15.7%	13.8%	3289	783	3.3%	2.8%	667	2964	12.5%	11.0
AZ	7664	1175	15.3%	13.5%	1036	132	1.7%	1.7%	132	1043	13.6%	12.0%
CA	22449	3182	14.2%	12.5%	2816	254	1.1%	1.1%	254	2928	13.0%	11.4
CO	5170	973	18.8%	16.0%	827	80	1.5%	1.5%	80	893	17.3%	14.5%
CT	2715	297	10.9%	9.6%	261	32	1.2%	1.2%	32	265	9.8%	8.5%
DE	1759	284	16.1%	14.2%	250	33	1.9%	1.9%	33	251	14.3%	12.3%
FL	19949	2721	13.6%	12.0%	2385	746	3.7%	3.2%	638	1975	9.9%	8.8%
GA	25119	5808	23.1%	19.2%	4825	1221	4.9%	4.1%	1030	4587	18.3%	15.1%
HI	5145	708	13.8%	12.2%	625	22	0.4%	0.4%	22	686	13.3%	11.8%
IA	12982	949	7.3%	7.3%	948	119	0.9%	0.9%	119	830	6.4%	6.4%
ID	7663	1083	14.1%	12.4%	954	340	4.4%	3.7%	284	743	9.7%	8.7%
IL	13692	2195	16.0%	14.1%	1932	179	1.3%	1.3%	179	2016	14.7%	12.8%
IN	12946	2352	18.2%	16.1%	2081	343	2.6%	2.6%	343	2009	15.5%	13.5%
KS	5993	648	10.8%	9.5%	570	115	1.9%	1.9%	115	533	8.9%	8.0%
KY	21487	3221	15.0%	13.2%	2843	496	2.3%	2.3%	496	2725	12.7%	11.5%
LA	22759	6585	28.9%	24.1%	5487	2129	9.4%	7.9%	1798	4456	19.6%	16.2%
MA	5273	860	16.3%	14.4%	760	63	1.2%	1.2%	63	797	15.1%	13.2%
MD	6353	897	14.1%	12.4%	791	116	1.8%	1.8%	116	781	12.3%	10.6%
ME	12628	2546	20.2%	17.7%	2235	94	0.7%	0.7%	94	2452	19.4%	17.0%
MI	18691	3154	16.9%	14.9%	2784	352	1.9%	1.9%	352	2802	15.0%	13.0%
MN	8289	930	11.2%	10.0%	829	105	1.3%	1.3%	105	825	10.0%	9.0%
MO	17340	2338	13.5%	11.5%	1994	186	1.1%	1.1%	186	2152	12.4%	10.4%
MS	45211	9478	21.0%	17.4%	7887	1907	4.2%	3.5%	1582	7571	16.7%	[illegible]
MT	3559	489	13.7%	12.0%	427	32	0.9%	0.9%	32	457	12.8%	[illegible]
NC	38489	3806	9.9%	9.9%	3810	925	2.4%	2.4%	925	2881	7.5%	[illegible]
ND	4563	671	14.7%	12.9%	590	149	3.3%	2.8%	128	522	11.4%	10.1%
NE	5469	624	11.4%	10.1%	552	129	2.4%	2.4%	129	495	9.1%	7.7%
NH	3585	533	14.9%	13.1%	471	9	0.3%	0.3%	9	524	14.6%	14.0%
NJ	8543	2356	27.6%	23.0%	1967	742	8.7%	7.3%	624	1614	18.9%	15.7%
NM	6124	1355	22.1%	18.4%	1128	130	2.1%	2.1%	130	1225	20.0%	16.3%
NV	991	133	13.4%	11.9%	118	13	1.3%	1.3%	13	120	12.1%	10.6%
NY	16954	2967	17.5%	15.4%	2609	390	2.3%	2.3%	390	2577	15.2%	13.1%
OH	13897	2558	18.4%	16.3%	2261	826	5.9%	5.0%	695	1732	12.5%	11.3%
OK	16497	3632	22.0%	18.7%	3085	782	4.7%	3.9%	643	2850	17.3%	15.0%
OR	9232	1013	11.0%	9.7%	896	155	1.7%	1.7%	155	858	9.3%	8.0%
PA	17303	2688	15.5%	13.6%	2357	323	1.9%	1.9%	323	2365	13.7%	11.7%
PR	32563	8850	27.2%	22.6%	7372	1581	4.9%	4.1%	1335	7269	22.3%	18.5%
RI	1168	122	10.4%	9.2%	108	2	0.2%	0.2%	2	120	10.3%	9.0%
SC	32327	5765	17.8%	15.7%	5069	1512	4.7%	3.9%	1261	4253	13.2%	11.8%
SD	4401	405	9.2%	9.2%	405	30	0.7%	0.7%	30	375	8.5%	8.5%
TN	29646	4909	16.6%	14.7%	4358	1160	3.9%	3.3%	978	3749	12.6%	11.4%
TX	29313	6399	21.8%	18.1%	5314	560	1.9%	1.9%	560	5839	19.9%	16.2%
UT	5270	966	18.3%	16.2%	852	150	2.8%	2.4%	126	816	15.5%	13.8%
VA	27003	5436	20.1%	17.7%	4780	774	2.9%	2.5%	675	4662	17.3%	15.0%
VI	1192	202	16.9%	14.9%	178	9	0.8%	0.8%	9	193	16.2%	14.1%
VT	4241	488	11.5%	10.1%	428	25	0.6%	0.6%	25	463	10.9%	9.5%
WA	7623	677	8.9%	8.9%	678	90	1.2%	1.2%	90	587	7.7%	7.7%
WI	11800	1889	16.0%	14.1%	1665	639	5.4%	4.5%	531	1250	10.6%	9.6%
WP	6894	846	12.3%	10.9%	750	46	0.7%	0.7%	46	800	11.6%	10.2%
WV	12244	1977	16.1%	15.0%	1837	152	1.2%	1.2%	152	1825	14.9%	13.0%
WY	2587	273	10.6%	9.3%	241	15	0.6%	0.6%	15	258	10.0%	8.7%
National Average			17.3%	15.0%			3.1%	2.7%			14.2%	[illegible]
TOTAL	705983	122050			106163	21723			19278	100327		

*These columns represent the current status and goals shown in Worksheets 2(A)(i) and 2(A)(ii) of Attachment D for Housing Programs.

Management Goals for Community and Business Programs
July 1, 1991, through June 30, 1992

INTRODUCTION

Goals established for C&BP are consistent with the Agency's Strategic Plan. The management goals for C&BP are derived from three major Agency objectives: (1) Improving credit quality; (2) Improving portfolio management; and (3) Increasing the use of the guaranteed authority in Community Facilities (CF) and Business and Industry (B&I) programs.

Historical data and trends, current status of portfolio, and economic conditions were used in determining the National Agency objectives and National Office goals for each State. The goals, based on the above justification, have been determined reasonable as well as obtainable.

DISCUSSION OF GOALS

1. Credit Quality and/or Loanmaking

   A. Community Facilities - Fund Utilization (5 points)

   States are expected to use allocated funds to meet the credit needs within their State. States are expected by October 1, 1991, to have utilized 25 percent of FY '91 allocation and by June 30, 1992, to have utilized 75 percent of FY '92 allocation.

   B. Business and Industry - Improve Quality of Credit Decisions (15 points)

   All loans originated will be analyzed and reviewed for soundness using industrial standards and Agency regulations with the objective that not more than 5 percent of the principal balance of loans closed in the last quarter of FY '91 and the first three quarters of FY '92 will become delinquent within the first 3 years. Emphasis should be placed on making quality loans; this includes a thorough analysis and review for financial soundness of the loan at the time of approval.

Measurement Criteria

The goal for loans closed July 1, 1991, through June 30, 1992, will be measured annually as of June 30 for each of the next 3 years commencing June 30, 1992. The goal for loans closed in subsequent rating years (July 1 through June 30) will be measured the end of the third year following the rating year in which the cohort of loans was closed.

Example:

Five loans totaling $6,000,000 are closed July 1, 1991, through June 30, 1992 (FY '92 cohort). Seven loans totaling $7,000,000 are closed July 1, 1992, through June 30, 1993 (FY '93 cohort). Ten loans totaling $10,000,000 are closed July 1, 1993, through June 30, 1994 (FY '94 cohort).

FY '92 cohort performance would be measured annually based on principal balance of loans comprising cohort as of June 30 for each of the next 3 years commencing June 30, 1992.

FY '93 cohort performance would only be measured based on principal balance of loans comprising cohort as of June 30, 1995 (end of 3-year goal period).

FY '94 cohort performance would only be measured based on principal balance of loans comprising cohort as of June 30, 1996 (end of 3-year goal period).

C. Water and Waste Disposal - Loan Fund Utilization (5 points)

States are expected to use allocated funds to meet the credit needs within their State. States are expected by October 1, 1991, to have utilized 25 percent of FY '91 allocation and by June 30, 1992, to have utilized 75 percent of FY '92 allocation.

D. Water and Waste Disposal - Grant Fund Utilization

States are expected to use allocated funds to meet the credit needs within their State. States are expected by October 1, 1991, to have utilized 25 percent of FY '91 allocation and by June 30, 1992, to have utilized 75 percent of FY '92 allocation.

2. Portfolio Management

States that currently have a zero delinquency and a goal to maintain a zero delinquency can recognize employees for exceptional effort. Affected personnel may exceed a fully successful rating if exceptional work is performed to maintain a zero delinquency. Also, States that currently have delinquent loan(s) and a goal of zero may recognize employees in the same manner if exceptional work is performed in obtaining a zero delinquency.

A & C. Community Facilities and Indian Tribal Land Acquisition - Reduction of Delinquencies (5 points)

For Community Facilities and Indian Tribal Land Acquisition, historical data on delinquencies for the past 5 years and economic trends were reviewed. The National Agency objectives were based on the actual ratio of delinquent borrowers to total borrowers as of June 30, 1990. States' goals were based on regional economic conditions; knowledge of delinquent projects through delinquency reports and field visits; and the June 30, 1990, delinquencies. Consideration was also given to delinquency as of March 31, 1991.

B, D, E, F & G. Resource Conservation and Development, Recreation, Watershed Protection and Flood Prevention, Grazing and Other Shifts in Land Use, and Irrigation and Drainage - Reduction of Delinquencies

For Resource Conservation and Development, Recreation, Watershed Protection and Flood Prevention, Grazing and Other Shifts in Land Use, and Irrigation and Drainage, historical data on delinquencies for the past 5 years and economic trends were used in establishing National Agency objectives and States' goals. Regional economic conditions, knowledge of delinquent projects through delinquency reports, delinquency as of March 31, 1991, and field visits were taken into consideration to establish recommended States' goals.

H. Business and Industry - Reduction of Delinquency (25 points)

Historical data on delinquencies for the past 5 years and economic trends were reviewed. National Agency objective as well as the States' goals are based on economic conditions; delinquency as of March 31, 1991; efforts underway to ensure making of quality B&I loans; and efforts instituted through Form FmHA 1980-59, "Quarterly Delinquent/Problem Loan Report," to assist States in monitoring lender servicing.

I. Water and Waste Disposal - Improve Water and Waste Disposal Loan servicing to ensure that borrowers provide rural users essential services at the most reasonable user rates obtainable. Emphasis will be to reduce actual delinquencies. (5 points)

The National Agency objective and States' goals are based on actual delinquencies as of June 30 as published in Report Code 616 for each of the last 5 years and downward economic trends in rural areas and the financial problems resulting from these trends. Consideration was given to the dramatic decrease in the loan portfolio due to the 1987 asset sale, ongoing loan substitutions, discount purchase programs, and delinquency as of March 31, 1991. These programs had a profound effect on Water and Waste Disposal delinquency rates due to only current loans being sold and substituted in the asset sale effort.

J. Community Programs - Graduation (10 points)

The National Agency objective and the States' goals are based on graduating 4.4 percent of the number of loans scheduled for graduation review within the performance year of July 1, 1991 through June 30, 1992.

3. Guaranteed Loans

A. Community Facilities - Improve Fund Utilization (25 points)

The National Agency objective is to process 47 loans nationwide during the period October 1, 1991, through June 30, 1992, to the point of approval and approve if funds are available. Each State Office's goal is to process to the point of approval, and if funds are available, approve one quality CF guaranteed loan in order for the National objective to be met.

B. Business and Industry - Fund Utilization (15 points)

States are expected to use allocated funds to meet the credit needs within their State. States are expected by October 1, 1991, to have utilized 25 percent of FY '91 allocation and by June 30, 1992, to have utilized 75 percent of FY '92 allocation.

NOTE - Water and Waste Disposal

Due to the FY '92 President's Budget, guaranteed funds for Water and Waste Disposal (WWD) programs are not anticipated. Therefore, there is no WWD guaranteed loanmaking goal proposed at this time.

North Dakota		PROGRAM MANAGEMENT & SERVICING GOALS: 1992		Prepared 07/01/91
FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
1. CREDIT QUALITY AND/OR LOAN MAKING A. Improve quality of credit decisions and documentation. Reduce number of insured borrowers becoming delinquent lst year after being made or restructured.	12.0%	11.9%	No change proposed, See Justification area for comment.	11.9% Goal accepted with comment.
Measurement Criteria: FOCUS run on PLAS database as of 6/30/92				

Justification of State Proposed Goal and/or State Comments Relating to Goal

The 11.9% goal is acceptable provided there is provision made not to penalize State in situations which will occur and for which FmHA officials have no control. For example, if a "continuation" loan is approved and closed but the borrower's oveall delinquency remains in appeal and remains unresolved when goal measurement criteria is lifted. Is FmHA penalized for this borrower's delinquency on debt which previously existed. Also, what about borrowers who become delinquent as a result of coming out of deferral when they had received a prior year's annual operating loan. Data base to be set up on loan "account" basis rather on "borrower name" basis.

North Dakota		PROGRAM MANAGEMENT & SERVICING GOALS: 1992		Prepared 07/01/91
FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
1. CREDIT QUALITY AND/OR LOAN MAKING B. Improve quality of credit decisions and documentation. Reduce number of guaranteed loans becoming delinquent lst year after being made or restructured.	5.6%	2.4	No change proposed	2.4
Measurement Criteria: FOCUS run on guaranteed loan accounting system data as of 6/30/92		Percent		

Justification of State Proposed Goal and/or State Comments Relating to Goal
No justification or comment submitted.

North Dakota

PROGRAM MANAGEMENT & SERVICING GOALS: 1992

Prepared 07/01/91

FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
1. CREDIT QUALITY AND/OR LOAN MAKING C. Socially disadvantaged Farm Owership Loan Program. Goal is to obligate 100% of the FY 91 last quarter funds and first 3 quarters of the FY 92 funds.	100%	One loan	No change proposed	One loan
Measurement Criteria: RC 205-C Report				

Justification of State Proposed Goal and/or State Comments Relating to Goal
No justification or comment submitted.

North Dakota		PROGRAM MANAGEMENT & SERVICING GOALS: 1992		Prepared 07/01/91
FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
2. PORTFOLIO MANAGEMENT B. Reduce Non-Flagged delinquent FP borrowers whose individual FmHA debt is $1,000,000 or greater to Zero by June 30, 1992.	96.5%	0	0*	0 State is concerned about appeals and mediation being counted against them. See change in measurement criteria.
Measurement Criteria: RC 540 Report for 6/30/91 and 6/30/92. Flagged accounts or appeals will not be counted in goals measurement.				

Justification of State Proposed Goal and/or State Comments Relating to Goal
Acceptable provided the same criteria apply for million dollar borrowers as for other borrower servicing (i.e. those cases in mediation and appeal should not be counted as resolveable as these matters are required and are not within the control of FmHA servicing officials).

North Dakota

PROGRAM MANAGEMENT & SERVICING GOALS: 1992

Prepared 07/01/91

FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
2. PORTFOLIO MANAGEMENT C. Move Insured Farmer Program Borrowers to other sources of Credit either with or without a Guarantee (Subordinations are not included).	5,299	258	160	225 State's goal has been revised. This goal is based upon reduced insured allocations. Three consecutive years of drought in this State will make other credit difficult to obtain.
Measurement Criteria: COORS Report will be used to determine the number that move from 6/30/91 to 6/30/92. COORS report includes any type of Farm Program insured loan.				

Justification of State Proposed Goal and/or State Comments Relating to Goal
FmHA in North Dakota will strive for maximum movement of direct OL borrowers to other credit sources (either with or without) a guarantee. Such movement will be very difficult, however, as North Dakota has experienced three successive years of extreme drought and has felt the brunt of the fall of small grain prices. Bankers and other conventional credit sources have become very cautious in taking new credit. This we believe will improve, however, it will take some time as the economic climate and farmer recovery occur in the coming years.

North Dakota

PROGRAM MANAGEMENT & SERVICING GOALS: 1992

Prepared 07/01/91

FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
3. GUARANTEED LOANS A. Increase guaranteed loan obligations as a percent of TOTAL obligations.	74.3%	85.7%	75.0%	80.0% Agree that some change is warranted. State has a point with continuing disaster conditions. However, 1990 level was 71.8%, State has exhausted 1991 OL allocation and is receiving funds from National Reserve. Needs to make some progress to reduce demand for insured OL funds.
Measurement Criteria: RC 205 and FOCUS run on guaranteed loan accounting system to determine outstanding lines of credit.				

Justification of State Proposed Goal and/or State Comments Relating to Goal
In view of economic stress which is worsened by three successive years of extreme drought and in view of the setbacks inflicted upon North Dakota farmers because of these adverse conditions, North Dakota farmers are still trying to recover recent losses. Movement to guaranteed credit is hampered by these adverse conditions. We believe 75% goal is more realistic although still challenging.

North Dakota

PROGRAM MANAGEMENT & SERVICING GOALS: 1992

Prepared 07/01/91

FARMER PROGRAM	National Agency Objective	Initial National Office Recommended State Goal	State Proposed Goal	Final National Office Goal for State
2. PORTFOLIO MANAGEMENT A. Timely Resolution of Unresolved Accounts by June 30, 1992.	89.5%	Resolve 90% of unresolved accounts.	80.0%	Resolve 85% of unresolved accounts.
Measurement Criteria: SENT Report		Cases in appeal, mediation, bankruptcy and foreclosure will not be included.		State's goal has been adjusted. State is concerned about timeliness of issuance of new 1951-S regulations being an obstacle if regulations are issued in the middle of loan processing season. Goal will be reevaluated at midyear review.

Justification of State Proposed Goal and/or State Comments Relating to Goal

We believe a 90% delinquency resolution is a goal to shoot for, however, on a more realistic basis loan servicing regulations will not be in the hands of FmHA field staff and will not actually be ready for account resolution until late fall 1991 (several months into our "servicing goals year.")

When new regulations arrive, FmHA in North Dakota will also be into the heaviest loan processing time. The limited time for loan servicing and heavy loan volume at the same time in themselves are challenging, but when combined with added tracking, reporting, reviewing, double reviewing, post reviewing, and other administrative functions which occupy considerable time but do not contribute to actual time spent working with, and on, borrowers accounts, a 90% resolution goal is not practical in the time allowed. (i.e. November through June for processing unresolved delinquency, as well as approximately 3000 Farmer Program applications for direct loans, guaranteed loans and subordinations.)

We believe 80% would be more practical and 80% should be established as our goal, although we will strive for 90% or higher.

North Dakota		PROGRAM MANAGEMENT & SERVICING GOALS: 1992		Prepared 07/01/91
FARMER PROGRAM	**National Agency Objective**	**Initial National Office Recommended State Goal**	**State Proposed Goal**	**Final National Office Goal for State**
3. GUARANTEED LOANS B. Assure that interest assistance loans are used to meet credit needs of insured borrowers.	30.0%	35.0	30.0%	30.0% Agree with proposal. State has valid point with poor production conditions over several years.
Measurement Criteria: Finance Office supplement to RC 205 Report as of 9/30/91 and 6/30/92				

Justification of State Proposed Goal and/or State Comments Relating to Goal

Three years of extreme drought, economic depression and hardship which now exist for small grain farmers (most farmers in North Dakota) and past push for guaranteed loans contribute to reduced percentage goal for North Dakota in this servicing effort. It is not realistic to expect that one of three direct loan borrowers will be able to move to guaranteed sources of financing after three years of extreme hardship. It will be extremely difficult to attain 30% movement and Interest Assistance use by insured borrowers, but we will make 30% our goal.